

## Message Text

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ACTION SCI-06

INFO OCT-01 EUR-25 IO-14 ISO-00 AEC-11 AECE-00 MC-02 PM-07

NSC-07 SP-03 SS-20 RSC-01 L-03 ACDA-19 FEAE-00 EB-11

COME-00 CIEP-03 TRSE-00 DODE-00 CIAE-00 INR-11 NSAE-00

SAJ-01 DRC-01 /146 W

----- 090954

R 201554Z SEP 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 5173

INFO AMEMBASSY MOSCOW

AMEMBASSY WARSAW

USMISSION BERLIN

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION IAEA VIENNA

AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

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DEPT PASS AEC

E. O. 11652: N/A

TAGS: TECH, ENRG, GW, UR

SUBJECT: FRG NUCLEAR POWER PLANT FOR USSR

REF: (A) STATE 195172, (B) BONN 14479, (C) BONN 13837,  
(D) BONN 11502

SUMMARY:

SOVIET DELEGATION IS CURRENTLY NEGOTIATING IN  
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FRG ABOUT CONSTRUCTION OF 1200 EMW GERMAN NUCLEAR

POWER PLANT IN USSR. GERMAN NEGOTIATORS INCLUDE REPRESENTATIVES OF FRG ECONOMICS MINISTRY, ELECTRIC UTILITIES AND CONSTRUCTION FIRMS AND OF KRAFTWERK UNION (KWU) WHICH HAS SUBMITTED BID TO USSR FOR CONSTRUCTION OF THE PLANT. THE BID BY BABCOCK-BROWN BOVERI REAKTOR (BBR) WHICH WAS FIRST PUBLICIZED ON JUNE 19 IN GERMAN NEWSPAPERS RECEIVES LITTLE ATTENTION IN RECENT REPORTS. IN THE VIEW OF "FRANKFURTER ALLGEMEINE" (INDEPENDENT) THE SOVIET REQUEST THAT BBR MAKE A BID IS AN USSR "CHESS MOVE" IN THEIR "NEGOTIATING TACTICS." EMBASSY CONTACTS BELIEVE THAT KWU IS CERTAIN TO WIN COMPETITION AND THAT FRG-USSR NEGOTIATIONS WILL ULTIMATELY BE SUCCESSFUL. SOVIETS APPEAR TO HAVE AGREED TO ROUTE TRANSMISSION LINE DIRECTLY THROUGH WEST BERLIN. FRG HAS ACCEPTED, IN PRINCIPLE, CONCEPT THAT PROJECT WILL BE FINANCED BY SALE OF ELECTRIC POWER TO WEST BERLIN AND FRG AT PRICES NO GREATER THAN LOCAL POWER. FRG OFFICIALS HAVE REJECTED SUBSIDIZED CREDIT FOR THE PROJECT. THIS REMAINS KEY PROBLEM IN NEGOTIATIONS. END SUMMARY

2. SOVIET INTEREST IN PURCHASE OF A GERMAN NUCLEAR POWER PLANT BECAME APPARENT DURING THE FEBRUARY 1973 MEETING OF THE FRG/USSR MIXED COMMISSION FOR ECONOMIC, SCIENTIFIC AND TECHNICAL COOPERATION IN MOSCOW. AT THAT TIME, AND IN SUBSEQUENT DISCUSSIONS UNTIL EARLY 1974, THE USSR SPOKE OF A PLANT EQUIPPED WITH FOUR 1200 EMW REACTORS. IN FEBRUARY, 1974, KWU OFFERED A 1300 EMW PRESSURIZED WATER REACTOR OF THE SAME TYPE AS THAT UNDER CONSTRUCTION AT BIBLIS IN JUNE 1974, BBR ANNOUNCED THAT THE USSR HAD REQUESTED THEM TO BID ON A 1300 EMW PRESSURIZED WATER REACTOR OF THE MUEHLHEIM/KAERLICH DESIGN. IN AUGUST/SEPTEMBER ISSUE "ATOMWIRTSCHAFT" REPORTED THAT NEGOTIATIONS WERE FOCUSING ON A ONE-REACTOR PLANT. FRG OFFICIALS BELIEVE THAT THIS ONE-REACTOR ORDER IS MERELY FIRST STEP TOWARD CONSTRUCTION OF LARGER STATION. ECONOMIC MINISTRY OFFICIALS CONFIRM THAT PRESENT NEGOTIATIONS FOCUS ON ONLY ONE PLANT. THEY TELL US THE SOVIETS HAVE INDICATED THAT ANY REMAINING PLANTS WILL BE CONSTRUCTED LIMITED OFFICIAL USE

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AT THE SAME LOCATION.

3. THE SOVIET DELEGATION NOW VISITING THE FRG WILL MEET WITH AN FRG EXPERT COMMISSION HEADED BY ERHARD KELTSCH, REPRESENTING PREUSSENELEKTRA AND OTHER GERMAN UTILITIES AND INCLUDE REPRESENTATIVES OF THE FRG ECONOMICS MINISTRY, TRANSMISSION LINE CONSTRUCTION FIRMS AND BANKS. KWU WILL BE REPRESENTED, ACCORDING TO NEWSPAPERS; BBR

WILL NOT.

4. REPORTEDLY THE STATION WOULD BE COMPLETED IN 1980, COSTING DM 1.5 BILLION, AND BE LOCATED NEAR KALININGRAD (KOENIGSBERG). GERMAN OFFICIALS HAVE EMPHASIZED THAT THE FRG IS NOT PRESENTLY PREPARED TO PROVIDE A LOW-INTEREST LOAN. FINANCING REMAINS A DIFFICULT PROBLEM. EMBASSY CONTACTS DOUBT THAT THE CURRENT NEGOTIATIONS WILL QUICKLY BE CONCLUDED UNLESS THE USSR IS WILLING TO ACCEPT NORMAL COMMERCIAL TERMS. ONE TECHNOLOGY MINISTRY OFFICIAL DOUBTED THAT USSR COULD OR WOULD DO

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SO. HE ASSUMED THAT SOME OVER-RIDING POLITICAL CONSIDERATION (FOR EXAMPLE, SOVIET BLACKMAIL FOR THE RELEASE OF ETHNIC GERMANS FROM THE EAST) MIGHT ULTIMATELY LEAD TO GOVERNMENT SUBSIDIES IN SUPPORT OF CONSTRUCTION COSTS. CONSTRUCTION COSTS WOULD BE REPAID THROUGH SALES OF ELECTRICAL POWER TO WEST BERLIN AND THE FRG OVER A PERIOD NOT TO EXCEED 10 YEARS. REPORTEDLY THE USSR HAS AGREED TO ROUTE THE TRANSMISSION LINE DIRECTLY THROUGH WEST BERLIN. THE SOVIETS HAVE LIMITED OFFICIAL USE

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TOLD THE GERMANS THAT BOTH POLAND AND THE GDR HAVE AGREED TO HAVING THE TRANSMISSION LINE TRANSIT THEIR TERRITORY (REFTEL C).

5. AS NOTED IN REF. D, KWU'S DEMONSTRATED CAPABILITY IN THE CONSTRUCTION OF LARGE NUCLEAR ELECTRIC POWER STATIONS MAY HAVE GIVEN THEM AN EDGE IN THE NEGOTIATIONS FOR THE USSR PLANT. IN ONE TECHMIN OFFICIAL'S VIEW, THERE IS NO QUESTION -- KWU WILL GET THE ORDER. THE SOVIETS ARE INTERESTED IN THE BIBLIS NUCLEAR REACTOR DESIGN AND WISH CONSTRUCTION TO PROCEED WITH MINIMUM DIFFICULTY. THE CONSORTIUM OF BABCOCK AND WILCOX/BROWN BOVERI HAS NOT YET DEMONSTRATED ITS COMPETENCE IN THE FRG AND A SIGNIFICANT INPUT FROM AMERICAN B&W WOULD BE REQUIRED -- AN ADDITIONAL COMPLEXITY, IN HIS VIEW.

6. THE LONG DISTANCE, HIGH VOLTAGE TRANSMISSION LINE MAY USE HIGH-VOLTAGE (800 KV - 1 MILLION VOLTS) DIRECT CURRENT TRANSMISSION TECHNOLOGY AT WHICH, IN FRG TECH MIN VIEW, AEC AND SIEMENS EXCEL. AS NOTED IN BONN 2866, FEBRUARY, 1973, THIS TECHNOLOGY, AS WELL AS GERMAN NUCLEAR REACTOR TECHNOLOGY, ARE PROBABLY OF GREAT INTEREST TO USSR. ANOTHER REPORT SPECULATES THAT THE POSSIBILITY OF FREQUENCY STABILIZATION IN WEST BERLIN MAY PERMIT THE USE OF A LOWER-VOLTAGE ALTERNATING CURRENT TRANSMISSION LINE. TECHMIN OFFICIALS BELIEVE THAT USSR NUCLEAR TECHNOLOGY IS WELL BEHIND THAT OF FRG, BUT ASSUME THAT USSR ALSO NEEDS WHATEVER ELECTRIC POWER REMAINS FOR LOCAL CONSUMPTION AFTER POWER FOR TRANSMISSION TO FRG HAS BEEN DEDUCTED.

7. TECHMIN OFFICIALS CLAIM THAT THEY FORESEE NO PROBLEMS IN MEETING COCOM REQUIREMENTS. IN THEIR VIEW,

THE TECHNOLOGY SUPPLIED TO THE USSR TO FULFILL THIS ORDER WOULD NOT ENABLE THE USSR TO CATCH UP WITH THE CONSTANTLY IMPROVING TECHNOLOGY OF THE WEST. THEY ASSUME THAT THE USSR WOULD SUPPLY THE ENRICHED URANIUM REQUIRED BUT HAVE NOT YET CONSIDERED WHERE THE URANIUM WOULD BE FABRICATED INTO REACTOR FUEL LIMITED OFFICIAL USE

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ELEMENTS. WE ANTICIPATE APPROACHES BY RESPONSIBLE FRG AUTHORITIES TO SEEK USG VIEWS ON THESE POINTS. THE UPCOMING VISIT TO THE UNITED STATES OF FRG FOREIGN OFFICE ASSISTANT SECRETARY HERMES AND HIS REQUEST FOR APPOINTMENTS WITH U.S. OFFICIALS CONCERNED WITH THE EXPORT OF NUCLEAR TECHNOLOGY MAY BE THE FIRST STEP IN THIS PROCESS (REFTEL B).  
HILLENBRAND

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SALES, NUCLEAR POWER PLANTS, PROPOSALS (BID)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 SEP 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974BONN14933  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740264-1199  
**From:** BONN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740929/aaaaayhc.tel  
**Line Count:** 243  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION SCI  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** (A) STATE 195172, (B) BONN 14479, (C, ) BONN 13837  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 21 MAR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <21 MAR 2002 by elyme>; APPROVED <21 MAY 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FRG NUCLEAR POWER PLANT FOR USSR  
**TAGS:** TECH, ENRG, GE, UR  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005